**Testimony of
James Cason
Associate Deputy Secretary of the Interior
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Thank you, Mr. Chairman and Members of the Committee, for inviting the Department to testify today on the role of the Office of Special Trustee for American Indians (OST) in preparing and implementing a comprehensive plan for the overhaul of the management of Indian tribal trust funds.

In August 2001, the Department identified various issues concerning the trust asset management roles of the Bureau of Indian Affairs (BIA), the Office of Special Trustee for American Indians (OST), and other Departmental entities carrying out trust functions. In response, an internal working group was created.

The internal working group developed a number of organizational options ranging from maintaining the status quo to privatizing functions to realigning all trust and associated personnel into a separate organization under a new Assistant Secretary within the Department. These options were evaluated based on the best method for delivering trust services and other functions to American Indians and Tribal governments.

While this internal review was underway, Electronic Data Systems (EDS) was undertaking an independent, expert evaluation of the Department's trust reform efforts. On November 12, 2001, EDS presented its report "DOI Trust Reform Interim Report and Roadmap for TAAMS and BIA Data Cleanup: Highlights and Concerns" in which it called for a "single, accountable, trust reform executive sponsor."

The Department decided to propose the formation of an organizational unit called the Bureau of Indian Trust Asset Management (BITAM). This option envisioned the consolidation of most trust reform and trust asset management functions located throughout the Department into a new bureau, BITAM. The

Secretary believed this newly established Assistant Secretary position would have the needed authority and responsibility for improved trust reform efforts and Indian trust asset management. It became clear early in the Tribal consultation process however that the Tribal Leaders were opposed to BITAM.

At a meeting held on December 13, 2001, in Albuquerque, New Mexico, the National Congress of American Indians (NCAI) proposed the formation of a Task Force charged with providing alternative proposals to the Department on organizational alternatives to reorganize the management of trust services. This included reviewing the role of the OST. The proposal was that the Task Force's purpose would be to evaluate all available organizational options and to submit to the Department one or more alternatives to reform our trust management system.

To further develop an improved reorganization plan and achieve broader consensus, Secretary Norton agreed to the creation of a joint DOI/Tribal Leaders Task Force on Trust Reform.

The Task Force consists of two elected tribal leaders from each region, with a third tribal leader, from each region, acting as an alternate. The co-chairs of the Federal team are Deputy Secretary Steve Griles and Assistant Secretary - Indian Affairs Neal McCaleb. They are joined by a number of other senior Department officials including the Acting Special Trustee and myself.

Members of the Task Force have spent an extensive amount of time on examining the organizational issues within the Department. The Task Force has earnestly attempted to achieve progress on meaningful trust reform.

The Task Force members created several generic composite options reflecting the best features and major elements from among the 28 alternative proposals submitted by tribes, tribal organizations, and other interested parties. The Task Force agreed to initiate consultations on these options in early June, hold regional meetings throughout June and early July.

On June 4, 2002, the Task Force presented to Secretary Norton its initial report containing its findings and recommendations on the DOI trust organization. The Report recommended that the BITAM proposal be replaced by one of the options advanced, which the Secretary has agreed to do. The report also recommends raising Indian interests to the highest level ever by proposing, as a possible option, the appointment of an Under Secretary to oversee Indian Affairs. In its report, the Task Force wrote that there is a real need for reform and that the status quo is not acceptable. We believe the current system must be improved.

The Task Force presented to Secretary Norton five options for improving the Department's management of Indian trust assets. From among them, the Task Force recommended the options of creating a new Deputy Secretary for Indian Affairs, creating a different organizational subdivision at the BIA Level, and a composite of the two which envisions the creation of an Under Secretary of Indian Affairs and the grouping of BIA functions into logical units. During Task Force meetings, some Task Force members have expressed interest in an organizational structure that phases out the Special Trustee.

The Task Force held meetings in Portland, Oregon, in July, and Anchorage, Alaska, in August to consider these options further. Unfortunately, as you are aware, we reached an impasse with regard to legislation implementing pieces of these options early this month on matters that were not related to organizational alignment.

The effort that we have put into this consultation process is an indicator of its importance to the Department. The Department is firmly committed to finding an effective, equitable solution for improving the organization and management of Indian trust assets, both tribal and individual. Indian Country deserves real reform, and the Secretary is committed to this goal. Any proposal we ultimately come up with will not have 100 percent support, but we are dedicated to improving the system, to fairness, and to ensuring that future generations of American Indians will inherit a trust management

system that provides accountability to individuals and tribes. This concludes my statement. I will be happy to answer any questions the Committee may have.